

RENTAL MARKET REPORT

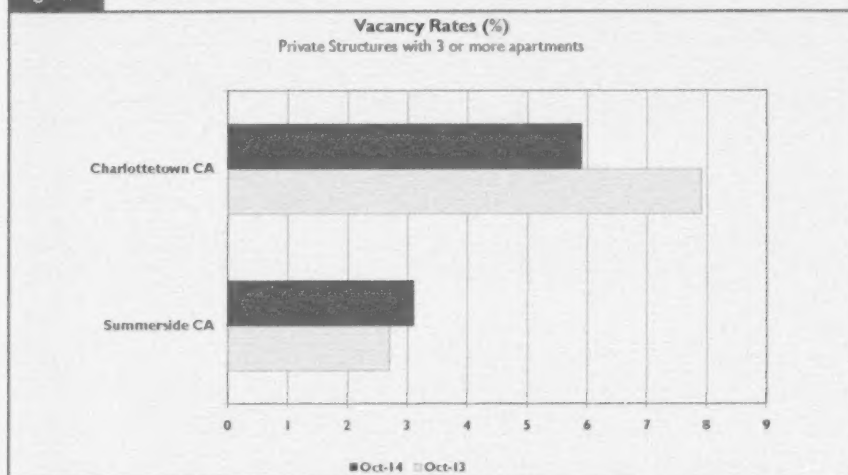
Prince Edward Island Highlights*



CANADA MORTGAGE AND HOUSING CORPORATION

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Figure 1

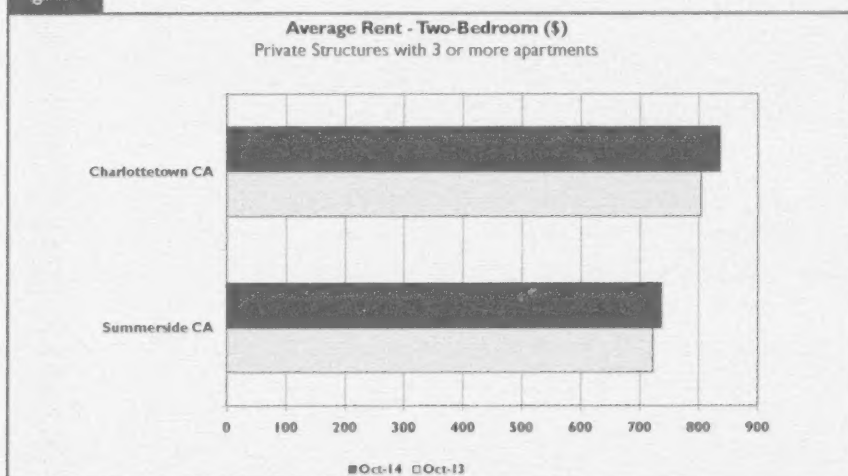


Source: CMHC Rental Market Survey

Island Vacancy Rates Declined in 2014

- The overall vacancy rate in Prince Edward Island's urban centres stood at 5.4 per cent in October 2014, down from 7.1 per cent a year ago.
- Charlottetown's vacancy rate was 5.9 per cent compared to 7.9 per cent last fall.
- Summerside's vacancy rate was 3.1 per cent and statistically unchanged.
- The average two-bedroom rent in Charlottetown was \$836, compared to the Summerside average of \$737.

Figure 2



Source: CMHC Rental Market Survey

*Urban centres with a population of 10,000 + are included in the survey. Detailed reports are available for CMAs.

Vacancy Rate Remained Relatively High in 2014

Results from Canada Mortgage and Housing Corporation's 2014 Fall Rental Market Survey¹ showed that the vacancy rate² for provincial urban centres³ was 5.4 per cent in October 2014, down from 7.1 per cent last year. Results for Charlottetown and Summerside were mixed.

In October 2014, Charlottetown's vacancy rate declined to 5.9 per cent, from 7.9 per cent last year. The survey included the enumeration of 4,784 rental units in the Charlottetown area, which was up from the 2013 figure of 4,656 units. The survey showed that vacancies among two-bedroom units, which make up 65 per cent of the local rental universe, recorded the largest decrease by falling to 5.9 per cent, compared to 8.8 per cent in October 2013. The results for the other unit types were unchanged at 4.4 per cent for bachelor units, 5.1 per cent for one-bedroom units and 9.3 per cent for three-bedroom units.

The vacancy rate in Charlottetown declined due to a significant drop in apartment starts combined with an increase in immigration over the past year. From the beginning of 2009 to the middle of 2013, the Charlottetown area added nearly 1,000 new rental apartment units to the local universe. With four and a half years of above average construction, the vacancy rate rose to almost 8 per cent in 2013. The increase in the local vacancy rate held back developers and apartment construction halted abruptly since the

second half of 2013. The sharp decline in apartment construction, combined with strong international immigration has resulted in fewer vacant units in 2014.

In Summerside, the level of rental construction has been much weaker than what was recorded in the Charlottetown area during the past four years. As such, supply and demand have remained in a relative state of equilibrium, resulting in a steady vacancy rate. In October 2014, the vacancy rate in Summerside was 3.1 per cent, which was essentially unchanged from a year earlier.

Average Rents Remain Stable in PEI

Over the past year, the average rent in the urban centres in PEI increased by a modest 0.5 per cent. The average two-bedroom rent (based on structures common to both the 2013 and 2014 surveys) increased 0.3 and 3.2 per cent for Charlottetown and Summerside, respectively.

In the Charlottetown area, this was the fourth consecutive year where the actual rent increase was well below the increases allowed by the Island Regulatory and Appeals Commission (IRAC), which manages residential rent increases on the Island. The allowable rent increases for 2014 were 1.0 and 2.0 per cent for heated and unheated units respectively. The above average vacancy rate created more competition for landlords in attracting new tenants and keeping existing ones. Increased competition limited rent increases as tenants

continued to have ample choice of units in 2014. In Summerside, the average two-bedroom rent increased by 3.2 per cent, due to steady demand and less competition among landlords for tenants.

Availability Rate Inches Down in Charlottetown

The availability rate⁴ for the urban centres in Prince Edward Island was at 6.2 per cent in October 2014. At 3.1 per cent, Summerside posted a lower availability rate than the provincial average, while Charlottetown posted a higher rate at 6.7 per cent.

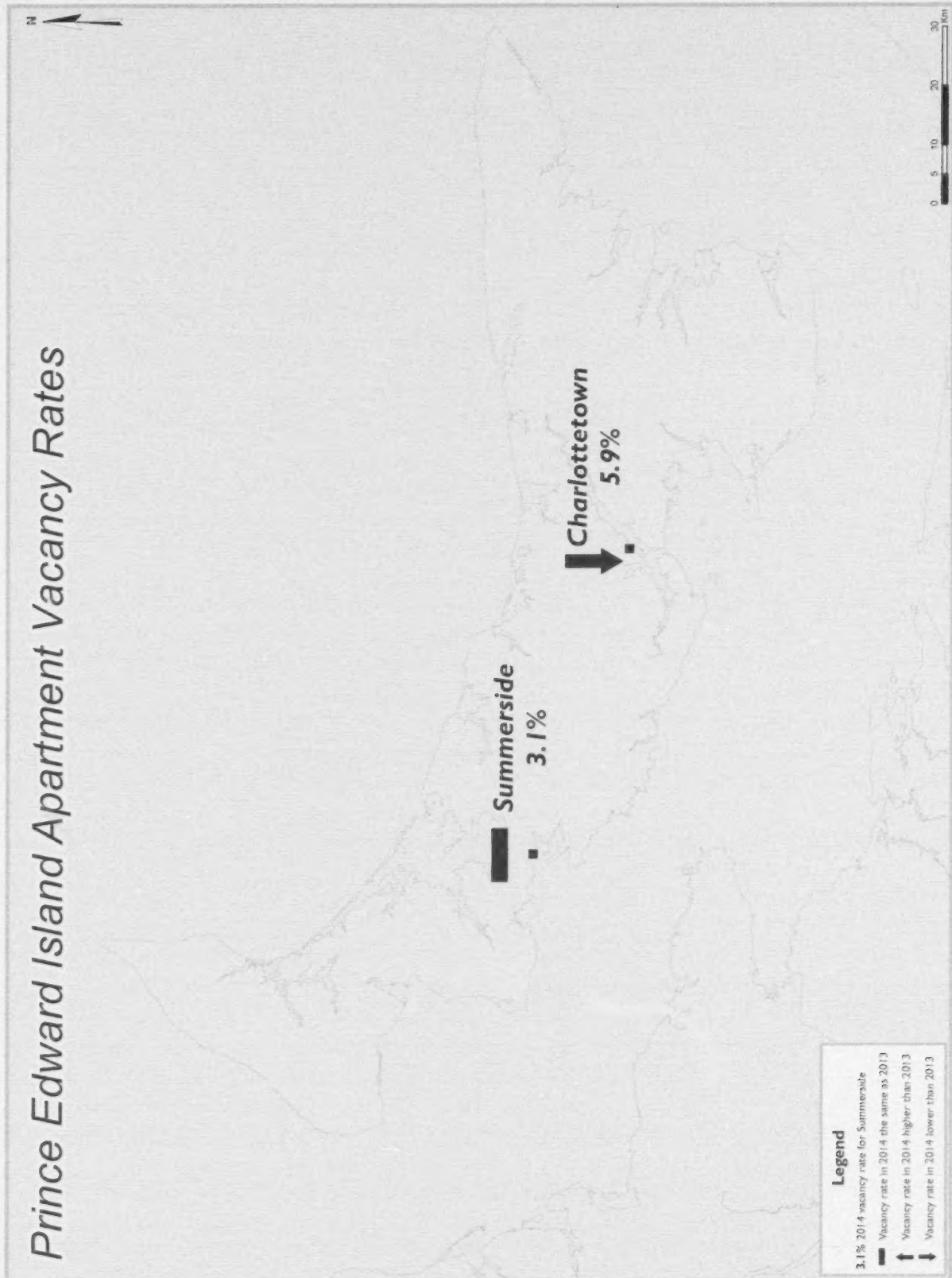
¹ Due to seasonal factors, the results of the October 2014 Rental Market Survey are not directly comparable with the results from the April 2014 Rental Market Survey.

² The survey is based on privately-initiated rental apartment structures of three or more units.

³ Urban centres defined as centres with a population of 10,000 or more.

⁴ A rental unit is considered available if the unit is vacant, or the existing tenant has given or received official notice to move and a new tenant has not signed a lease. As the definition of availability includes vacancy, the availability rate will always be equal to or greater than the vacancy rate.

Prince Edward Island Apartment Vacancy Rates



1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14
Charlottetown CA	**	4.4	5.9	5.1	8.8	5.9	9.6	9.3	7.9	5.9
Summerside CA	**	**	**	**	3.1	2.1	**	0.0	2.7	3.1
Prince Edward Island 10,000+	**	4.1	5.6	5.6	7.8	5.3	7.7	**	7.1	5.4

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b - Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data not statistically reliable.

n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

↑ indicates the year-over-year change is a statistically significant increase

↓ indicates the change is a statistically significant decrease

- indicates that the change is not statistically significant

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.2 Private Apartment Average Rents (\$) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14
Charlottetown CA	531	523	649	671	804	836	969	947	763	788
Summerside CA	582	548	555	581	722	737	772	775	706	714
Prince Edward Island 10,000+	537	525	643	663	790	819	918	909	755	777

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):

a - Excellent ($0 \leq cv \leq 2.5$), b - Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)

** Data suppressed to protect confidentiality or data not statistically reliable.

n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14
Charlottetown CA	154	157	1,212	1,274	3,047	3,106	243	247	4,656	4,784
Summerside CA	10	11	150	153	574	588	79	81	813	833
Prince Edward Island 10,000+	164	168	1,362	1,427	3,621	3,694	322	328	5,469	5,617

** Data suppressed to protect confidentiality or data not statistically reliable.

n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14
Charlottetown CA	**	5.3 d	7.3 b	6.2 b	9.9 a	6.7	10.8 d	10.3 d	9.1	6.7
Summerside CA	**	**	**	**	3.1 c	2.1 b	**	0.0	2.7 c	3.1
Prince Edward Island 10,000+	**	4.9 d	6.9 b	6.5 b	8.7 a	6.0	8.6	8.1 c	8.2	6.2

The following letter codes are used to indicate the reliability of the estimates:

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↓ indicates the change is a statistically significant decrease

- indicates that the change is not statistically significant

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent¹ by Bedroom Type Prince Edward Island

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
	to	to	to	to	to	to	to	to	to	to
	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14	Oct-13	Oct-14
Charlottetown CA	2.3	++	2.8	1.1	1.3	0.3	++	**	1.5	++
Summerside CA	5.4	-4.4	3.7	++	1.0	3.2	4.1	++	1.4	2.3
Prince Edward Island 10,000+	2.8	++	2.9	1.1	1.2	0.7	++	**	1.4	0.5

¹The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:

a - Excellent, b - Very good, c - Good, d - Fair (Use with Caution)

** Data suppressed to protect confidentiality or data not statistically reliable.

++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).

n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click [Methodology](#) or [Data Reliability Tables Appendix](#) link for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: \$500 in the previous year vs. \$550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey (RMS)** every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.

The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC is constantly reviewing the Universe of rental structures in the rental market Universe to ensure that it is as complete as possible. Every year, any newly completed rental structures with at least 3 rental units are added to the Universe. In addition to this, CMHC undertakes comprehensive reviews by comparing the Universe listing to other sources of data to ensure that the list of structures is as complete as possible.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

Use caution when comparing changes in statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. These tables include indicators to help interpret changes. ↑ indicates the year-over-year change is a statistically significant increase, ↓ indicates the year-over-year change is a statistically significant decrease, while – indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.

METHODOLOGY FOR SECONDARY RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts a survey of the **Secondary Rental Market (SRMS)** in September and October to estimate the relative strengths in the secondary rental market which is defined as those dwellings not covered by the regular RMS – rented single-detached homes, semi-detached (double) homes, rented freehold row/townhomes, rented duplex apartments (i.e., one-above-other), rented accessory apartments (separate dwelling units that are located within the structure of another dwelling type), rented condominiums (can be any dwelling type but are primarily apartments), and one or two apartments which are part of a commercial or other type of structure.

The SRMS has three components which are conducted in selected CMAs:

- A Household Rent Survey of all households to collect information about rents.
- A Condominium Apartment Rent Survey of households living in condominium apartments to collect information about rents.
- A Condominium Apartment Vacancy Survey of condominium apartment owners to collect vacancy information.

All three surveys are conducted by telephone interviews. For the condominium apartment vacancy survey, information is obtained from the owner, manager, or building superintendent and can be supplemented by site visits if no telephone contact is made. For the other two surveys, information is collected from an adult living in the household. All surveys are conducted in September and October, and the results reflect market conditions at that time.

CMHC publishes the number of units rented and vacancy rates for the condominium vacancy survey. For the condominium rent and household rent surveys, the average rent is published. A letter code representing the statistical reliability (i.e., the coefficient of variation (CV)) for each estimate is provided to indicate the data reliability. Rented condominium apartments were surveyed in the following CMAs: Vancouver, Victoria, Calgary, Edmonton, Regina, Saskatoon, Winnipeg, Toronto, Ottawa, Montréal and Québec (NOTE: Condo rent data was not collected for Regina and Saskatoon). Other secondary rental market units were surveyed in Abbotsford, Barrie, Calgary, Edmonton, Halifax, Montreal, Ottawa, Quebec, St. John's, Toronto, Winnipeg, Regina, Saskatoon, Kelowna, Vancouver and Victoria.

Every year CMHC reviews the method of estimation for Household Rent Survey, which may result in some changes to previously published estimates. All statistics in this report are reflective of the new method of estimation.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

Data presented is based on Statistics Canada's 2011 Census area definitions.

Acknowledgement

The Rental Market Survey and the Secondary Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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